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SIPDIS

SENSITIVE
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STATE PLEASE PASS TO USAID

E.O. 12958: N/A
TAGS: [EINV](#) [SENV](#) [JO](#)
SUBJECT: APPLICATION FOR OPIC FINANCE: DISI WATER PSC

REFS: (A) STATE 27016
(B) STATE 25920
(C) STATE 25724

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1. (SBU) Summary: In order to foster greater efficiency in Jordan's water sector, post recommended a series of conditions precedent (CPs) related to water reform as part of the annual cash transfer portion of ESF to the Government of Jordan (GOJ), which the GOJ has agreed in principle to implement. In light of that commitment, post supports OPIC financing of the Disi project. The Embassy will track compliance over the next year. End summary.

2. (SBU) Post believes that measures should be taken to ensure that Disi aquifer water is conserved and used judiciously. Water from the Disi project should not be used for agricultural purposes. Pipeline monitoring procedures and protocols to prevent diversion should be required. Jordan's Bylaw 85 on Groundwater Management should be supported from the highest echelons of the Jordanian government by collecting arrears from wells in the Disi aquifer, closing illegal wells, and establishing pumping reduction plans for each of Jordan's ten groundwater basins currently showing a deficit.

3. (SBU) In a March 25 meeting with Prince Feisal, who chairs the Royal Water Committee, Ambassador noted that support for the requested OPIC financing on Disi (ref A) was contingent upon the GOJ's acceptance of eight conditions precedent for fiscal year (FY) 2008, as follows:

- Condition Precedent no. 1 (Groundwater Bylaw 85 compliance) - reduce pumping from the Amman-Zarqa and Zarqa groundwater basins to within safe yield.
- Condition Precedent no. 2 (National Water Allocation Plan) - publish and update quarterly a national water allocation plan.
- Condition Precedent no. 3 (Water Demand Management Policy) - approve policies on water demand management, water use efficiency, and water users' associations.
- Condition Precedent no. 4 (Water Sector Emergency Response Plan) - prepare and disseminate an emergency response plan for domestic water system incidents.
- Condition Precedent no. 5 (Water Law) - create a consultative process that will advance the creation of a new water law.
- Condition Precedent no. 6 (Continuous water delivery to Miyahuna customers) - transition water distribution in Amman from rationed to continuous flow 24 hours a day, seven days a week.
- Condition Precedent no. 7 (Methodology for determining new water tariff rate schedules) - conduct a feasibility study on setting new water tariffs.
- Condition Precedent no. 8 (Options for determining new water tariff subsidy) - conduct a study on water tariff subsidy options.

4. (SBU) Post strongly urges OPIC to bear in mind GOJ compliance

with FY2008 conditions precedent as it proceeds.

15. (U) We have no information to provide at this time on the project company and its investors, since Gama Enerji is a Turkish company which recently sold fifty percent of its shares to GE Capital (ref A).

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[HTTP://WWW.STATE.SGOV.GOV/P/NEA/AMMAN](http://www.state.sgov.gov/p/nea/ammman)

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